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September 10, 2009

RE: Home Care for Certain Disabled Children (Katie Beckett) Parental Cost Sharing

~~Dear Legislators:~~

This letter is intended to provide you with a status report of the Department of Health & Welfare's implementation of parental cost sharing requirements as identified in the legislative intent language, Medicaid appropriation bill (HR 322).

The intent language identified eight key cost-containment strategies and included the following directions related to cost sharing:

"Establish cost sharing requirements based on ability to pay for families whose children are eligible for Home Care for Certain Disabled Children (commonly known as the Katie Beckett program)."

Katie Beckett is the name of a young woman who was hospitalized as a child. She had contracted viral encephalitis that caused nerve damage resulting in paralysis. At the time, there were no alternatives to hospital placement that would allow her to receive health coverage at home. Through Katie Beckett and her family's advocacy for rule changes, home and community-based alternatives were adopted through federal rule changes. In most states, the community-based alternatives for institutional care (e.g., hospitals, intensive care facilities, and skilled nursing homes) are made available through waiver programs. Idaho established this optional state eligibility category through a State Plan amendment. This eligibility pathway provides coverage through the state's Medicaid program.

Earlier this summer, the Division of Medicaid initiated temporary rules to establish cost-sharing requirements for families with children on the Katie Beckett program and sent notices to the families. The cost-sharing, as described in the temporary rules, is defined as a monthly premium. The premium amounts were established at different levels based on how much the family's income is in relation to the Federal Poverty Guidelines. Idaho, like other state Medicaid programs across the country, uses the Federal Poverty Guidelines to establish eligibility and cost-sharing requirements. Existing cost-sharing requirements include some Children's Health Insurance Plan (CHIP) families and all individuals covered through the Worker's with Disabilities Program.

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Using the established rule promulgation process, the public was provided opportunities to submit written comments and/or attend public hearings. The comment period was extended from July 21 to August 21, in response to requests.

Based on the public comments, the Division of Medicaid will amend the temporary rules with the following changes:

- Change the effective date of the first premium payments due from October 1, 2009, to February 1, 2010.
- Change the requirements for premium payments by expanding the number of tiers on the income scale and reflecting more gradual adjustments in the amounts due from one tier to the next.
- Reduce the amount of premium due by 25% when the family has purchased private commercial health insurance for the child covered under Medicaid.
- Clarify that families with income between 150% and 185% of the Federal Poverty Guidelines will pay \$15 per child per month not to exceed \$30 per month.
- Clarify that families with income above 185% of the Federal Poverty Guidelines will only pay one premium regardless of how many children they have participating in the Katie Beckett Program.
- Add a consideration for a hardship waiver of the premium payment.

Here is an example of what a family of four may be expected to pay each month toward their child's coverage, based on their family income:

Federal Poverty Guidelines	Monthly Gross Income Family of Four	Premium Percentage of Gross Income	Dollar Amount of Premium /No Private Insurance	Dollar Amount of Premium/With Private Insurance
0% - <150%	\$2,240 - \$2,756	0.00%	\$0 - \$0	\$0 - \$0
>150% - <185%	\$2,757 - \$3,399	0.54%	\$15 - \$30	\$11 - \$23
>185% - <250%	\$3,400 - \$4,594	1.00%	\$34 - \$46	\$26 - \$34
>250% - <300%	\$4,595 - \$5,513	1.50%	\$69 - \$83	\$52 - \$62
>300% - <400%	\$5,514 - \$7,350	2.00%	\$111 - \$147	\$83 - \$110
>400% - <500%	\$7,351 - \$9,188	2.50%	\$184 - \$230	\$138 - \$172
>500% - <600%	\$9,189 - \$11,025	3.00%	\$276 - \$331	\$207 - \$248
>600% - <700%	\$11,026 - \$12,863	3.50%	\$387 - \$450	\$290 - \$338
>700% - <800%	\$12,864 - \$14,700	4.00%	\$515 - \$588	\$386 - \$441
>800% - <900%	\$14,701 - \$16,538	4.50%	\$662 - \$744	\$497 - \$558
>900%	\$16,538 >	5.00%	\$828 >	\$621 >

Income information will be obtained from families during the annual renewal determination period.

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There will not be any changes made to a child's eligibility. Neither failure to pay nor inability to pay will result in a loss of the child's eligibility. Coverage and access to services is not based on premium payments. The American Reinvestment and Recovery Act (ARRA) provides state Medicaid programs with an increased Federal Medical Assistance Percentage (FMAP) that is contingent upon certain maintenance of effort requirements. When the FMAP returns to pre-ARRA levels, policy makers can re-visit this requirement.

The Division of Medicaid will be sending letters to families to inform them of these proposed changes in the next week. We will also be posting updated information on our Web site and notifying key stakeholders of the current status of these cost-sharing rules. These rules will come before the 2010 Legislature for its review and determination of approval.

While the 2009 Legislature directed the Department to implement cost-sharing as a cost-containment measure, the Department also strives to treat families with similar resources the same. The cost sharing will bring the Katie Beckett program in line with other Medicaid programs that do have premiums and participant contributions. We feel it is good public policy that will make the program more equitable and, at the same time, ensure the state has the resources to provide the most vulnerable citizens with the care they need.

If you have any questions, please contact me at 364-1804 or clementl@dhw.idaho.gov.

Sincerely,



LESLIE M. CLEMENT
Administrator

LMC/ksl